

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6397**

**BILL NUMBER:** HB 1092

**NOTE PREPARED:** Jan 26, 2007

**BILL AMENDED:** Jan 25, 2007

**SUBJECT:** Military Family Leave.

**FIRST AUTHOR:** Rep. Avery

**FIRST SPONSOR:**

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes an unpaid leave of absence of up to 10 days for the spouse or parent of a person ordered to involuntary active duty in the United States armed forces or the National Guard for deployment overseas. The bill requires an employee to provide notice before taking the leave. The bill also allows an employer to require verification of employee's eligibility for the leave. It requires an employee to be restored to the position that the employee held before the leave or to an equivalent position. It also requires an employer to permit an employee who is taking a leave to continue the employee's health care benefits at the employee's expense. The bill allows the employer and the employee to negotiate to have the employer pay for the benefits. It provides legal and equitable remedies for violations.

The bill extends eligibility for grants from the Military Family Relief Fund to active duty members of the armed forces. It also provides for grants from the Fund for child care assistance.

The bill provides that a taxpayer may designate on a state income tax return for the benefit of the Fund: (1) all or part of a state income tax refund; or (2) a contribution.

The bill provides that a person who furnishes lodging for compensation commits a class C infraction if the person refuses to rent a room to an individual who is (1) under 21 years of age; and (2) on active military duty.

The bill exempts an individual on active military duty from serving on a jury.

**Effective Date:** July 1, 2007; Jan 1, 2008.

**Explanation of State Expenditures:** *Unpaid Leave of Absence:* The bill requires an employer who employs at least 50 employees for each working day during each of at least 20 calendar workweeks to allow certain employees that are either a parent or spouse of a person who is ordered to involuntary active duty. The bill would affect state and political subdivisions of the state.

Certain employees are entitled to an unpaid leave of absence during: (1) the 30 days before involuntary active duty orders are in effect; (2) a period of leave while involuntary active duty orders are in effect; (3) the 30 days after the involuntary active duty orders are terminated. The leave may not exceed 10 days annually. Employees are responsible for paying their own benefits while on family military leave. Family military leave is in addition to regular vacation, sick, or other leave, including additional military family leave offered at the discretion of an employer, to which an employee is entitled.

The bill allows an employee who is denied family military leave to bring a civil action against their employer.

This bill could result in indeterminable productivity losses which may occur from current staff having to absorb the temporary workload changes or the productivity losses which might occur when an employee takes unpaid leave. This impact could occur in both state and local government agencies.

Background Information: During CY 2006, there were approximately 21,300 involuntary active duty U.S. armed forces who claimed Indiana as their state of residence. There were approximately 2,400 Indiana National Guard members on involuntary active duty. [Note: These figures would be reduced by the number of armed forces or Indiana National Guard members who volunteered to be deployed or called. This number is not known.]

*Veterans' Affairs Check-Off:* The bill creates a mechanism for Indiana residents to donate money to the Fund when filing individual or joint state income taxes. The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to incorporate the tax refund check-off for the Military Family Relief Trust Fund. The bill also requires the DOR to include a written description of the purposes and uses of the Fund in the instructions for the individual income tax return. The check-off would begin in tax year 2008. The expenses relating to these changes presumably could be implemented within the DOR's existing budget and resources.

*Expansion of Eligible Population:* The bill also expands the Military Family Relief Fund to provide assistance to members of the armed forces. Currently, assistance is only provided to a reserve component of the armed forces and national guard members. The Defense Manpower Data Center reports that as of July of 2006, there were approximately 17,737 active military persons residing in Indiana. This figure would be reduced by approximately 2,400 National Guard members who are on active duty and are already eligible for benefits under current statute, resulting in an estimate of approximately 15,300 additional persons who would be eligible for benefits under the bill. (Note: The number would be additionally reduced by the number of reservists who are called up. This number, however, is not known.)

Expansion of the eligible population could potentially increase the number of applications for assistance to the Indiana Department of Veterans Affairs (IDVA). The IDVA should be able to manage the increase in applications within its existing level of resources.

*Expansion of Assistance Categories:* The bill allows the IDVA to provide child care assistance to eligible persons. This provision of the bill would have no fiscal impact. Money available from the Fund is dependent

on funds available and not on assistance categories.

**Explanation of State Revenues:** *Veterans' Affairs Check-Off:* Currently, Indiana individual income tax forms include one check-off fund, the Non-Game Fund. In tax year 2004, the Fund collected \$463,257 from 29,487 tax returns. It is not known how this new check-off for the Military Family Relief Trust Fund will affect the amount of funds that are directed to the Non-Game Fund.

*Background Information:* Since tax year 2000, the check-off for the Nongame and Endangered Wildlife Fund has generated the annual activity summarized in the table below.

Year	Filers Designating Refunds	Total Refunds Designated	Average Refund Amount Designated
2000	35,281	\$342,578	\$9.71
2001	33,627	\$358,466	\$10.66
2002	32,697	\$362,636	\$11.09
2003	29,069	\$363,478	\$12.50
2004	29,487	\$463,257	\$15.71

**Explanation of Local Expenditures:** *Penalty Provision:* The bill makes it a Class C infraction for a person who provides lodging for compensation at a motel, a hotel, or another place of public accommodation to refuse to rent or lease a room to an individual solely because the individual is less than 21 years of age and the individual is on active duty.

The maximum judgment for a Class C infraction is \$500, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

See *Explanation of State Expenditures, Unpaid Leave of Absence.*

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

**State Agencies Affected:** All state agencies.

**Local Agencies Affected:** Political subdivisions; Trial courts, local law enforcement agencies.

**Information Sources:** Lt. Col Gerald Hadley, Office of the Adjutant General; Rejeanna White, Indiana National Guard; Tom Applegate, Indiana Department of Veterans' Affairs; Deborah Williamson, Defense Manpower Data Center; OFMA Income Tax databases, 2000-2004.

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